

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 EB-11 COME-00 SCEM-02 INT-08 SCI-06 TRSE-00

OMB-01 DRC-01 /132 W

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R 171840Z DEC 73

FM AMCONSUL WINNIPEG

TO SECSTATE WASHDC 1051

INFO AMEMBASSY OTTAWA

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E.O. 11652: N/A

TAGS: ENRG

SUBJECT: SASKATCHEWAN OIL CONTROLS

REF: DEPTTEL 245145 DEC 15

1) BASIC PHILOSOPHY UNDERLYING NDP PROPOSED OIL PRODUCTION CONTROL LEGISLATION AS DESCRIBED BY PREMIER BLAKENEY SENT TO EMBASSY VIA LETTER DECEMBER 12. SASKATCHEWAN PRODUCED 86 MILLION BARRELS OIL LAST YEAR WITH 1973 OUTPUT ESTIMATED 84 MILLION BARRELS. PROVINCE ALREADY CONTROLS 64 PERCENT SASKATCHEWAN OIL RIGHTS AND WOULD HAVE TITLE TO 90 PERCENT AFTER TAKING OWNERSHIP FROM 24 SEPARATE COMPANIES NOW CONTROLLING 26 PERCENT. REMAINING 10 PERCENT OWNED BY INDIVIDUALS NOT AFFECTED BY PROPOSED LEGISLATION.

2) IN MANY WAYS NEW LAW WOULD COPY ALBERTA LEGISLATION DESIGNED TO INSURE PROVINCE, NOT FEDERAL GOVERNMENT, RECEIVED DIFFERENCE BETWEEN CONTROLLED WELL HEAD PRICE OF OIL AND GOING WORLD PRICE.

OTHER FEATURES:

A) PROVINCE TO HAVE POWER LIMIT OIL PRODUCTION TO CONSERVE

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IT FOR FUTURE GENERATIONS.

B) POWER TO CONTROL WHOLESALE PRICES FOR POL PRODUCTS.  
C) PROVINCE TO ACQUIRE LEGAL TITLE TO ALL OIL GAS RESERVES  
IN SASKATCHEWAN. BUT THOSE NOW RECEIVING OIL ROYALTIES WILL  
CONTINUE TO DO SO.  
D) INCENTIVES TO ENCOURAGE OIL EXPLORATION AND DEVELOPMENT  
COUPLED WITH RISE IN TAX ON NON PRODUCING OIL LANDS FROM 20  
TO 50 CENTS PER ACRE.

3) PROVINCE CONCERNED BY FEDERAL GOVERNMENT SUIT CONTENDING  
SASKATCHEWAN POTASH MARKETING BOARD UNCONSTITUTIONAL. PRESS  
QUOTES PREMIER BLAKENEY AS STATING : "WE BELIEVE CHANCES  
PREVENTING OUR OIL BEING EXPORTED TO UNITED STATES AND OF KEEPING  
IT FOR SASKATCHEWAN FARMERS IN DECADES AHEAD WILL BE  
STRENGTHENED IF GOVERNMENT BECOMES LEGAL OWNER OF OIL RESERVES."

4) CANPAC LTD'S PANCANADIAN PETROLEUM LTD OF MONTREAL IS  
LARGEST NON GOVERNMENT OIL LAND HOLDER AND MOST AFFECTED BY  
PROPOSED LAW. OTHERS INCLUDE HUSKY OIL LIMITED AND HUDSON BAY  
OIL AND GAS.

5) COPY OF BILL AS ORIGINALLY INTRODUCED DECEMBER 10 BEING SENT  
DEPARTMENT. SOME WORDING CHANGES TO EASE ADMINISTRATIVE DIFFICUL-  
TIES ALREADY MADE BUT PRINCIPLES CONTINUE IN TACT. LARGE NDP  
MAJORITY IN SASKATCHEWAN LEGISLATURE ASSURES BILL'S PASSAGE.  
KELLY

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## Message Attributes

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